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Chairman: Mr. Effah-Apenteng ..... (Ghana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

Contents

Agenda item 129: Improving the financial situation of the United Nations (*continued*)

Agenda item 123: Proposed programme budget for the biennium 2002-2003 (*continued*)

Programme budget implications of draft resolution A/C.3/56/L.84/Rev.1: Comprehensive implementation of the outcome of and follow-up to the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance (*continued*)

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The meeting was called to order at 10.05 a.m.

Agenda item 129: Improving the financial situation of the United Nations (*continued*) (A/56/464/Add.1)

1. **Ms. Silot Bravo** (Cuba), speaking on behalf of the Group of 77 and China, welcomed the improvement in the financial situation of the United Nations during 2001, but expressed concern that the situation might be different in 2002. Member States had a legal obligation to pay their assessed contributions to the Organization in full, on time and without conditions, although sympathetic understanding should be extended to States which were temporarily unable to meet that obligation as a result of genuine economic difficulties. The recurring problem of negative cash flow in the second half of every year, which had resulted in cross-borrowing, was due mainly to late payments by the major contributors. The Group would like to know how the Secretariat intended to resolve the situation without resorting to cross-borrowing. Debt owed to Member States had stood at $748 million at the end of 2001, largely because of outstanding arrears. All Member States in arrears, particularly the largest contributor, should settle those arrears unconditionally.

2. The Group noted the relative improvement in reimbursements to developing countries that provided troops and equipment to peacekeeping operations and hoped that that trend would continue. However, it was concerned that "write-offs" of some liquidated peacekeeping missions had not yet been certified and that the attention of Member States had not been drawn to the problem. It would like to know what measures had been taken by the Department of Peacekeeping Operations to solve the problem as a matter of urgency. In addition, the Claims and Information Management Section should honour all commitments made to troop-contributing countries for the reimbursement of the corresponding amounts. The Group would like to be informed of all pending claims. It would also like the reimbursement process to be transparent, fair and based on objective criteria.

3. **Mr. Soto Gúrpide** (Spain), speaking on behalf of the European Union, welcomed the improved position of the Organization's finances and said that the key element in sustaining that improvement was prompt payment by all Member States of their financial contributions. It was therefore regrettable that the number of countries paying their regular budget contributions in full had declined in 2001, reversing a seven-year trend. The small margin of regular budget cash at the end of 2001, the high level of unpaid peacekeeping assessments and the need for cross-borrowing to pay for tribunal costs all underlined the continuing precariousness of the financial situation. However, the European Union was pleased to note that the Russian Federation had now paid its peacekeeping arrears in full.

4. All Member States should respect their legal obligations to the United Nations, in particular the largest contributor, whose level of arrears was alarming. The late payment of contributions was the main cause of the Organization's fragile financial position. All countries awaiting reimbursements had a right to receive them without further delay. Further challenges lay ahead, including the need to pay for increased security and the need to consider options for structural improvement of the United Nations Headquarters building, the financing for which ultimately had to be the obligation of the host country. In addition, peacekeeping remained a central component of the Organization's activities; the European Union supported it unreservedly, but would continue to work to improve its efficiency and cost-effectiveness.

5. **Mr. Connor** (Under-Secretary-General for Management) said that, regrettably, it was likely that cross-borrowing would have to continue, as there was no other source of interim financing. Moreover, the funds available for cross-borrowing were being circumscribed.

Agenda item 123: Proposed programme budget for the biennium 2002-2003 (*continued*)

Programme budget implications of draft resolution A/C.3/56/L.84/Rev.1: Comprehensive implementation of the outcome of and follow-up to the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance (*continued*)

Draft decision A/C.5/56/L.49

6. **Ms. Silot Bravo** (Cuba), speaking as coordinator of the Group of 77 and China for Fifth Committee matters, introduced the draft decision contained in document A/C.5/56/L.49, which had been submitted by

the delegation of Venezuela on behalf of the Group of 77 and China. She expressed the hope that it would be adopted by consensus.

7. With regard to the information circular contained in document ST/IC/2002/13, she reiterated the request that had been made by the Group at previous meetings that the Secretariat provide information in writing about the recent cuts in services, particularly Internet services for permanent missions.

The meeting rose at 10.25 a.m.